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TO RUEHC/SECSTATE WASHDC PRIORITY 5227
INFO RUEHBR/AMEMBASSY BRASILIA 6329
RUEHRG/AMCONSUL RECIFE 2969
RUEHRI/AMCONSUL RIO DE JANEIRO 7161
RUEHAC/AMEMBASSY ASUNCION 2612
RUEHBU/AMEMBASSY BUENOS AIRES 2289
RUEHBO/AMEMBASSY BOGOTA 1393
RUEHCV/AMEMBASSY CARACAS 0327
RUEHLP/AMEMBASSY LA PAZ 2840
RUEHPE/AMEMBASSY LIMA 1006
RUEHMN/AMEMBASSY MONTEVIDEO 2016
RUEHCV/AMEMBASSY CARACAS 0328
RUEHPE/AMEMBASSY LIMA 1007
RUEHSG/AMEMBASSY SANTIAGO 1745
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/USDOC WASHDC 2466
RUEHC/DEPT OF LABOR WASHDC

UNCLAS SECTION 01 OF 04 SAO PAULO 000647

SIPDIS

STATE PASS USTR FOR SULLIVAN/LEZNY
STATE PASS EXIMBANK
STATE PASS OPIC FOR DMORONESE, NRIVERA, CMERVENNE
DEPT OF TREASURY FOR OASIA, DAS LEE AND FPARODI
USDOC FOR 4332/ITA/MAC/OLAC/JANDERSEN/ADRISCOLL/MWARD
USDOC ALSO FOR 3134/USFCS/OIO/SHUPKA
DOL FOR ILAB MMITTELHAUSER
NSC FOR CRONIN
SOUTHCOM ALSO FOR POLAD
AID/W FOR LAC/AA

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [PINR](#) [PREL](#) [ETRD](#) [ECPS](#) [BR](#)

SUBJECT: ALCKMIN'S CAMPAIGN COORDINATOR CLAIMS LULA'S POLL NUMBERS
MASK STRENGTH OF PSDB/PFL POLITICAL MACHINE

REF: (A) SAO PAULO 623; (B) BRASILIA 1015 AND PREVIOUS;
(C) RECIFE 65; (D) SAO PAULO 316

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY

SUMMARY

¶1. (SBU) Despite a series of recent opinion polls that show President Lula maintaining a lead of more than twenty points, with a chance to be re-elected in the first round, Geraldo Alckmin's campaign coordinator told Charg that the PSDB is methodically building grassroots political networks throughout the country that will help Alckmin overtake Lula once the campaign begins in earnest in August. Joao Carlos Meirelles dismissed reports of divisions in the Brazilian Social Democracy Party (PSDB), claiming the party is fully united behind Alckmin. He also said the PSDB has negotiated strong alliances with the Liberal Front Party (PFL) and the smaller center-left Popular Socialist Party (PPS), which should help the Sao Paulo-based PSDB in other parts of the country where Alckmin is not well known. He claimed that Lula's impressive poll numbers do not reflect the ability of local political bosses to get out the vote for Alckmin on election day. Meirelles, who is responsible for developing Alckmin's government program, indicated that if elected, Alckmin would be open to discussing "a new kind of relationship" with the United States to include cooperation on regional and global issues. When queried by Charge, he said an Alckmin government would be willing to revisit the digital TV standard issue, assuming there

were legal grounds to do so. END SUMMARY.

¶2. (SBU) Charg d'Affaires (CDA), accompanied by Consul General (CG) and Poloff, met June 2 with Joao Carlos de Souza Meirelles (ref D), unofficial coordinator of opposition PSDB presidential candidate Geraldo Alckmin's campaign. Meirelles managed Alckmin's successful 2002 campaign for re-election as Governor of Sao Paulo state and served both Alckmin and his predecessor, the late Mario Covas, as State Secretary for Science, Technology, and Economic Development. Although PSDB Senator Sergio Guerra from the northeastern state of Pernambuco is Alckmin's national campaign manager, Meirelles is in charge of coordinating day-to-day operations and is also responsible for developing the government program.

¶3. (U) Several polls published in late May (see ref B) and early June show Lula's lead growing. An "Ibope" poll released June 1 shows Lula with 48 percent and Alckmin with 19 percent in a first-round vote, a spread of 29 points. If only valid votes are counted, Lula would exceed the 50 percent required to win in the first round. If the polls are any indication, he appears to have emerged relatively unscathed from the corruption scandals that have dominated the political agenda for the past year, though his Workers' Party (Partido dos Trabalhadores - PT) has been badly damaged. Alckmin, in the meantime, has run a low-key, lackluster campaign that has gone almost unnoticed by the voters. Yet, when asked about the electoral situation, Meirelles disavowed any deep concern.

"WE HAVE NOT YET BEGUN TO CAMPAIGN"

¶4. (SBU) At the moment, he explained, Alckmin is not really

SAO PAULO 00000647 002 OF 004

campaigning and in fact cannot by law officially campaign before July

¶5. The PSDB will hold its national convention June 11. (NOTE: Per the electoral calendar, all political parties must hold their national and state conventions between June 10 and June 30. END NOTE.) That convention will formally approve Alckmin as the presidential candidate. The PFL convention June 14 will confirm Jose Jorge of Pernambuco (see ref C) as the Vice-Presidential candidate on Alckmin's ticket, sealing the alliance concluded and announced May 31. The small, center-left Popular Socialist Party (PPS), at its June 16 convention, will also announce its formal alliance with the PSDB and PFL.

¶5. (SBU) The PT, meanwhile, has sealed its alliance with the Communist Party of Brazil (PCdoB), but has been unable to reach agreement with the Brazilian Socialist Party (PSB) due to a dispute over who would be the coalition's candidate for Governor of Pernambuco, the PSB national president Eduardo Campos or PT former Health Minister Humberto Costa. According to Meirelles, the PSB is negotiating an alliance with Vice President Alencar's party the Brazilian Republic Party (PRB), which is closely affiliated with the evangelical Universal Church of the Kingdom of God. If the PSB declines to enter into an alliance with the PT, Lula will be unable to choose PSB Minister of National Integration (and two-time presidential candidate) Ciro Gomes as his running mate. Gomes will instead run for Federal Deputy in the hopes that his popularity will boost the PSB's vote total.

¶6. (SBU) Meanwhile, the Brazilian Democratic Movement Party (PMDB) - "a big federation of parties" - will decide June 11 whether or not to run its own candidate for President. Meirelles was confident the PMDB will decide not to run a candidate, and will also decide not to enter into an alliance with the PT at the national level or provide Lula's running mate. Such an alliance would tie the party's hands in its many state races because of the "verticalization" rule (see ref A for an insider's view of the PSDB's deliberations).

¶7. (SBU) The PSDB-PFL-PPS coalition, Meirelles continued, is developing strategies in each of the states. There are seventeen parties represented in Congress. All but the largest four will struggle to achieve the five percent threshold in balloting for Federal Deputy that they need under the "Barrier Clause,"

implemented for the first time in this year's elections, to retain their privileges and thus their viability. This situation gives the PSDB negotiating space with some of the smaller parties. In Pernambuco and the Federal District, Meirelles said, they will support the PMDB candidates for Governor in return for PMDB support.

The coalition-building activities will continue through the end of June. The campaign formally begins July 5, but it won't really heat up until August 15, when the free television and radio advertising begins. The real campaign takes place in those last six weeks between August 15 and October 1.

"WE'RE USED TO COMING FROM BEHIND"

18. (SBU) According to Meirelles, around September 7, Brazilian Independence Day, voters begin to search for their voter registration cards and to think about who they're going to vote for. Until then, the polls are essentially name-recognition exercises. Lula has run for President four times before, and twice the campaign went to the second round. Thus, this is Lula's seventh national

SAO PAULO 00000647 003 OF 004

campaign, and his name is universally known, especially since "he's been campaigning for the past three and a half years." Alckmin is well known in Sao Paulo and other parts of the populous southeast and south, but not elsewhere. Accordingly, it's not surprising he's so far behind in the polls. Nor, Meirelles pointed out, is it all that unusual. PSDB candidates are used to coming from behind. In 1994, Fernando Henrique Cardoso started out with around 8-10 percent support in the polls and ended up winning in the first round of the presidential election. In the 2002 Sao Paulo gubernatorial election, Paulo Maluf was leading the pack with 43 percent of the vote, and the next three other candidates had 40 percent combined; however, in the end, Alckmin and PT President Jose Genoino went to the second round, and Alckmin prevailed.

19. (SBU) Once the real campaign begins, Meirelles predicted, Lula will be revealed as the candidate of the "new populism," which lacks answers for problems of education, health care, energy, and infrastructure. His poll numbers of 40-45 percent represent his ceiling; he can only fall. Even the most optimistic of PT members admit the party will be lucky to elect 60 candidates to the Chamber of Deputies; Meirelles noted it has good gubernatorial candidates in only a few states. The party lacks the network needed to conduct a strong national campaign. The PSDB, on the other hand, won three consecutive statewide elections in Sao Paulo, the most populous state. Alckmin, after six years as Lieutenant Governor and five as Governor, left office with a 69 percent approval rating. His 18-20 percent showing in the polls can only grow.

110. (SBU) CG inquired into the PSDB's unity. There are persistent rumors that supporters of former Sao Paulo Mayor Jose Serra, who had sought the nomination, don't have their hearts in Alckmin's campaign. Many observers have also posited that Minas Gerais Governor (and party leader) Aécio Neves would actually prefer to see Lula win this year, since Alckmin's defeat would pave the way for Neves, whose presidential ambitions are well known, to run in 2010. Meirelles insisted that the PSDB is totally united behind Alckmin. The party's politicians, including Neves and Serra, know that if he loses, they lose, and that the most important thing is to return the PSDB to power.

BILATERAL RELATIONS AND ISSUES

111. (SBU) CDA recalled that when the Deputy Secretary visited Brazil last October, he noted that the U.S. and Brazil have good, cooperative relations, but have lost opportunities to develop a stronger, deeper strategic relationship. We would like to pursue such a relationship with the next government, CDA said, including by reviving FTAA negotiations. By not negotiating free trade with the U.S., Brazil was missing out on an opportunity to export ethanol duty-free into the United States, and other countries were beginning to fill the vacuum. We would like to work more closely with Brazil

on sugar cane and ethanol. The USG is forming an inter-agency group on ethanol. Meirelles said if Alckmin were elected, his administration would be absolutely open to discussing a new kind of relationship, not only in bilateral terms but also with respect to cooperation in South America and elsewhere in the world.

¶12. (SBU) Charg expressed disappointment with the deeply flawed process the GoB had used to choose its digital TV standard. Meirelles indicated that this was a sensitive issue because major

SAO PAULO 00000647 004 OF 004

media groups favored adoption of the Japanese standard, and no politician wanted to oppose them. An Alckmin administration would be open to discussing the issue with the USG, but it was not clear what flexibility the GoB would have, and would not be known until President Lula's decision were formalized and announced.

¶13. (U) Meirelles indicated he spends several days a week in Brasilia and would be pleased to meet with Charg and emboffs later in the campaign to touch base.

COMMENT

¶14. (SBU) To date, Alckmin's campaign has been almost invisible, while Lula has taken full advantage of the benefits of incumbency, appearing constantly on television and taking full credit when good economic news emerges. In that sense, Meirelles is correct that Lula's lead in the polls is only to be expected at this stage. His analysis of the alliances and coalitions shaping up also makes sense. But the PSDB announced Alckmin as its candidate in mid-March amidst great expectations that he would give Lula a serious run for the money, and his failure thus far to resonate with the voters has many people scratching their heads. Perhaps Meirelles is right, and things will change in August with the saturation radio and TV advertising. But much will depend on whether, between now and then, Geraldo Alckmin, trained and licensed as an anesthesiologist, can learn how not to put people to sleep. END COMMENT.

¶15. (U) This cable was coordinated with Embassy Brasilia.

MCMULLEN